THE MINISTER OF CHEMICALS AND FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN): (a) As the steel industry is delicenced and deregulated, no prior permission of the Union Government is required to set up steel plants in the country except for certain locational restrictions. POSCO has signed a Memorandum of Understanding with the Government of Orissa on 22nd June 2005 to set up a steel plant of 12 million tonnes per annum capacity. To implement the project POSCO has formed an Indian company.

(b) The National Advisory Council had sought certain clarifications on this project. The response has been furnished on the basis of reply received from the State Government of Orissa.

(c) and (d) The Ministry of Mines is yet to receive any proposal for grant of prospecting licence or mining lease for iron ore in case of the POSCO project.

Steel Policy

1197. DR. M.A.M.RAMASWAMY:
SHRI DATTA MEGHE:

Will the Minister of STEEL be pleased to state:

(a) whether the Central Government have announced a new Steel Policy aiming at making the domestic Industry globally competitive;

(b) the salient feature of this Steel Policy; and

(c) how far the interests of Small Iron Ore mine owners have been protected in this new Steel Policy?

THE MINISTER OF CHEMICALS AND FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN): (a) Yes Sir.

(b) The salient features of the draft National Steel Policy (NSP) is given in the enclosed Statement (*See* below).

(c) The National Steel Policy (NSP) seeks to remove the supply-side constraints, including those in the availability of iron ore, by encouraging investments in creation of an additional modern mining and beneficiation capacity of 200 mT. State goverments would recommend renewal of existing leases only against credible mining investment plans in a specified period. The Goverment would lay down priorities and guidelines for the State goverments to recommed fresh mining leases, having regard to the entrepreneur's mining investment plans, and technical and financial capabilities. Environmental and forest clearances would be granted within a pre-specified time frame. Though local value addition would be given priority, the Goverment would encourage iron ore trading in order to make this essential raw material available to the iron and steel industry throughout the

country. The Goverment would encourage investments in adding value to iron ore fines. Scientific mining and economies of scale would also be encouraged through consortia of small users and by prescribing a minimum economic size for mines.

Statement

The salient features of the National Steel Policy

- The NSP sets out a broad roadmap for the Indian Steel Industry in its journey towards reform, restructuring and globalisation.
- The long-term goal of the NSP is that India should have a modern and efficient steel industry of world standards, catering to diversified steel demand. The focus of the policy is to achieve global competitiveness not only in terms of cost, quality and product-mix but also in terms of global benechmarks of efficiency and productivity.
- In order to achieve the goal of 110 million tonnes of steel production by 2019-20, the NSP seeks to remove the supply-side constraints to the growth of this industry in an open, globally integrated and competive environment.
- The NSP seeks to adopt a multi-pronged strategy to move towards the long-term policy goal. On the demand side, the strategy would be to create incremental demand through promotional efforts, creation of awarencess and strengthening the delivery chain, particularly in rural areas. On the supply side, the strategy would be to facilitate creation of aditional capacity, remove procedural and policy bottlenecks in the availability of inputs such as iron ore and coal, make higher investments in R&D and encourage the creation of infrastructure such as roads, railways, and ports.
- The NSP acknowledges the low per capita consumption of steel in the country, especially in the rural areas and the need to boost steel consumption to improve quality of life and help in meeting the growing aspirations of masses.
- In order to achieve the strategic goal of 110 mT of steel production by 20 19-20, the industry would need addtional capital. In addtion, funds would be required for technological upgrade of existing facilities. In order to mobilize such vast resources NSP seeks to encourage foreign direct investment. In addition the policy also seeks to make the fiscal incentives, available to infrastructure projects, accessible to the steel industry.

- The NSP seeks to support developing of risk-hedging instruments like futures and derivatives to contain price volatility in the steel market.
- The NSP seeks to strengthen the existing training and research facilities available to the domestic steel industry so as to provide suitable training programmes especially for the secondary small-scale units and also to collect and analyze data on important parameters of the industry.
- The NSP seeks to mount aggressive R & D efforts to create manufacturing capability for special types of steel, substitute coking coal, use iron ore fines, develop new products suited to rural needs, enhance material and energy efficiency, utilize waste, and arrest environmental degradation.
- The NSP acknowleges the important role played by the secondary steel sector in providing employment, meeting local demand of steel in rural and semi-urban areas, and meeting the country's demand of some special products and seeks to endeavour to provide the necessary feedstock to these units at reasonable prices from major plants through the existing mechanism of State Small Industries Corporations.
- The NSP recognizes the fact that intergration of the Indian steel industry with the global economy requires that the industry should be protected from unfair trade practices, which become common especially during periods of downturn. The NSP therefore, envisages, institution of mechanisms for import surveillance, and monitoring export subsidies in other countries.

Rise in prices of raw materials for steel production

†1198. SHRI RAVI SHANKAR PRASAD:
SHRI RAJ MOHINDER SINGH MAJITHA:

Will the Minister of STEEL be pleased to state:

(a) whether is a fact that rise in the prices of raw material required for steel production has been assessed 8.56 per cent during the year 2005;

(b) if not, the assessment of Goverment in this regard;

(c) whether the said price-rise has also affected the sale price of steel for the consumers in the country; and

†Original notice of the question was received in Hindi.